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K. Chad Burgess
Senior Counsel

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May 11, 2007

VIA HAND DELIVERY

The Honorable Charles Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Application of South Carolina Electric & Gas Company for Implementation of
Time-of-Use Rates for Residential and Commercial Customer Classes
Docket No. 2007-171-E

Dear Mr. Terreni:

By letter dated April 30, 2007, South Carolina Electric & Gas Company ("SCE&G" or "Company") requested that the South Carolina Public Service Commission ("Commission") approve two, new voluntary electric rate offerings for its residential and commercial customer classes. These electric rate offerings are identified as Rate 7 which is a voluntary time-of-use rate for residential customers and Rate 28 which is also a voluntary time-of-use rate for commercial customers. For purposes of this letter, Rates 7 and 28 are collectively referred to as the "New Rates."

In designing the New Rates, the Company evaluated its current, Commission-approved time-of-use rates, namely, Rate 5 and Rate 16, to ensure that the New Rates would produce approximately the same amount of revenue as the current time-of-use rates on an annual basis. In rate design, this concept is referred to as "revenue neutrality." In order to achieve revenue neutrality among the New Rates and Rates 5 and 16, the Company examined a 12-month total revenue amount produced by Rates 5 and 16 and the corresponding customer group load characteristics. Additionally, as part of its analysis, the Company included within its calculations all energy and meter count data from calendar year 2006 and the most current demand survey samples. The average monthly sample peak demand for a Rate 5 customer is 6.9 kW, and the average monthly sample peak demand for a Rate 16 customer is 48 kW. Based upon this information, the Company designed the structure of the New Rates to produce approximately the same amount of revenue as Rates 5 and 16. Attached to this letter as Attachment 1, is a copy of the Company's derivation of revenue neutrality.

In summary, Rate 7 is designed to achieve revenue neutrality with Rate 5, and Rate 28 is designed to achieve revenue neutrality with Rate 16. In addition, the New Rates will provide residential and commercial customers with another rate option from which they may choose to

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assist them in managing their demand level during peak periods for potential rate savings. Furthermore, the New Rates are designed to serve to educate customers about their individual load characteristics by providing them with demand data that is currently not available, which may in-turn encourage them to adopt demand shifting or reduction techniques that would provide savings to themselves and the Company, in the form of reducing peak demand requirements on SCE&G's electric system.

By copy of this letter, we are advising the South Carolina Office of Regulatory Staff of the additional information being presented to the Commission.

If you have any questions or need additional information, please do not hesitate to contact us.

Very truly yours,

A handwritten signature in black ink, appearing to read "K. Chad Burgess", with a stylized flourish at the end.

K. Chad Burgess

KCB/kms

cc: Shannon Bowyer Hudson, Esquire
A. Randy Watts
Belton T. Ziegler, Esquire
John P. Boyd, Esquire

Current Rate 5 Summary

Description	Billing Units	Rate	Revenue
BFC	1,158	\$ 11.25	\$ 13,027.50
Energy			
On-Peak Summer kWh (Margin)	111,387	\$ 0.17300	\$ 19,269.95
On-Peak Winter kWh (Margin)	112,912	\$ 0.16153	\$ 18,239.22
Off-Peak kWh (Margin)	1,365,371	\$ 0.04564	\$ 62,311.48
Fuel Revenue kWh *	1,589,670	\$ 0.02440	\$ 38,784.52
Storm Dmg. Rev. kWh	1,589,670	\$ 0.00043	\$ 683.57
Total Revenue			<u>\$ 152,316.24</u>

* Fuel Factor for Jan - Apr 2006 = \$0.02256 / kWh
Fuel Factor for May - Dec 2006 = \$0.02516 / kWh

Proposed Residential Rate 7 - Time-of-Use Demand Rate

Description	Billing Units	Rate	Revenue
BFC	1,158	\$ 11.25	\$ 13,027.50
Demand			
On-Peak Summer kW	3,161	\$ 9.70	\$ 30,661.70
On-Peak Winter kW	4,840	\$ 6.06	\$ 29,330.40
Energy			
On-Peak Summer kWh	111,387	\$ 0.06222	\$ 6,930.50
On-Peak Winter kWh	112,912	\$ 0.06222	\$ 7,025.38
Off-Peak kWh	1,365,371	\$ 0.04786	\$ 65,346.66
Total Revenue			<u>\$ 152,322.14</u>

Current Rate 16 Summary

Description	Billing Units	Rate	Revenue
BFC Margin	333	\$ 18.15	\$ 6,043.95
Energy			
On-Peak Summer kWh (Margin)	224,803	\$ 0.13779	\$ 30,975.61
On-Peak Winter kWh (Margin)	366,192	\$ 0.10476	\$ 38,360.58
Off-Peak 1st 1,000 kWh Margin	243,439	\$ 0.04432	\$ 10,788.49
Off-Peak > 1,000 kWh (Margin)	1,575,462	\$ 0.04831	\$ 76,106.08
Fuel Revenue kWh *	2,409,896	\$ 0.02441	\$ 58,836.19
Storm Dmg. Rev. kWh	2,409,896	\$ 0.00038	\$ 915.77
Total Revenue			<u>\$ 222,026.67</u>

* Fuel Factor for Jan - Apr 2006 = \$0.02256 / kWh
Fuel Factor for May - Dec 2006 = \$0.02516 / kWh

Proposed Small General Service Rate 28 - Time-of-Use Demand Rate

Description	Billing Units	Rate	Revenue
BFC	333	\$ 18.15	\$ 6,043.95
Demand			
On-Peak Summer kW	2,803	\$ 15.81	\$ 44,315.43
On-Peak Winter kW	5,900	\$ 9.88	\$ 58,292.00
Off-Peak Excess kW	7,328	\$ 1.58	\$ 11,578.24
Energy			
On-Peak Summer kWh	224,803	\$ 0.05116	\$ 11,500.92
On-Peak Winter kWh	366,192	\$ 0.05116	\$ 18,734.38
Off-Peak kWh	1,818,901	\$ 0.03935	\$ 71,573.75
Total Revenue			<u>\$ 222,038.67</u>

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